

LONG-TERM CARE: WHO WILL CARE FOR THE AGING BABY BOOMERS?

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HEARING  
before the  
SPECIAL COMMITTEE ON AGING  
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Secretary Thompson. I wonder if Senator Carper would like to make an opening statement?

STATEMENT OF SENATOR THOMAS CARPER

**Senator Carper.** Well, I do, but I don't want to delay Governor Thompson's testimony.

But I do have--let me just do this first thing.

I just left the Senate floor. Senator Breaux was awaiting the outcome of the vote on his amendment. He said: I don't want to leave until I am sure what is going to happen.

So he should be along very, very shortly.

Let me just say welcome to my old colleague--I shouldn't say old colleague--my former colleague. [Laughter.]

And it is great to see you, great to be with you. And I wish you, as you know, all the best in your new job.

All right, if the chairman were here, I would thank him--or ranking member--for calling today's hearing. And I certainly thank our witnesses, including our lead-off witness, for testifying.

It seems like the most important issues do not always receive the most attention, either here in the halls of Congress or from the media. And I think it is great that this committee today is shining the light on a potential crisis and one that is under appreciated but is very serious nonetheless.

And as I get older--I am 54 this year--I continue to appreciate more the seriousness of this issue.

I often say that our health care system in this country resembles what I describe as a patchwork quilt and one that, for that matter, is fraying a bit at the edges for many of our people.

If our system of health insurance is a patchwork quilt, I think it is fair to say that our system of long-term care is a crazy quilt. [Laughter.]

As Senator Durenberger will testify later on, ``There is no national cohesive long-term care system," in this country. And Senator Durenberger will also attest this makes what system we do have, ``inefficient, inequitable, and often ineffective."

Most Americans believe that Medicare will cover their health care needs when they retire. Most Americans don't know if they end up in a nursing home, Medicare won't cover the cost. Most Americans don't know that the single largest payer of long-term care, Medicaid, requires that people effectively impoverish themselves in order to access public assistance.

I have seen firsthand the high cost of long-term care. My mom, who is almost 79 years old, today lives in a terrific nursing home in Ashland, KY, where she battles Alzheimer's disease and requires constant care to maintain her quality of life.

As the father of two young boys, I also worry that our children will someday face the same problems as our generation, my generation, ages.

The cost of long-term care will be a growing burden for our nation to bear. In the absence of reform, I question whether we can carry that burden.

The magnitude of this challenge suggests the needs for some significant Federal response.

At the same time, as a former Governor who made use of a Medicaid waiver to expand options for home and community-based long-term care, and to help people stay out of institutional care wherever possible, I know that sometimes the best thing the Federal Government can do is to give States and local communities the flexibility that they need to meet local needs.

We all know that this is a complicated issue. That is why hearings like this one are so important. I look forward to hearing from our witnesses, and I am especially pleased to welcome Governor Thompson.

#### STATEMENT OF SENATOR JOHN BREAUX, CHAIRMAN

The Chairman. Thank you, former Governor Carper and former Governor Thompson, and thanks to the committee for getting started.

I was on the floor with an amendment. We were just kind of waiting on the outcome of it. And----

**Senator Carper.** Well, what happened?

The Chairman. It passed. [Laughter.]

If it had failed, I wouldn't have shown up. [Laughter.]

But, no, it passed, and we are happy.

Secretary Thompson. My good friend, Russ Feingold, truly was a leader back in Wisconsin on aging problems. He was the chairman of the Special Committee in the State Senate, and he led the efforts on our very good and comprehensive Community Options Program so elderly citizens could stay in their own home, and he also took a very strong and passionate leadership on Alzheimer's.

And I am sorry he is not here so that I could compliment him in person. But I am sure that somebody will tell him that I said nice things about him. And they are well-deserved, and I want to applaud him.

**Senator Carper.** I will tell him. [Laughter.]

Secretary Thompson. And, Senator Carper, it is always a pleasure--it is difficult for me to call you Senator, because--I know it is difficult to get over the word "Governor."

**Senator Carper.** I still call people on the phone, I say, "Hello, this is Governor Carper," and they say, "Oh, no, it isn't." [Laughter.]

The Chairman. OK.

Governor Senator Carper. [Laughter.]

**Senator Carper.** Thank you, Senator Chairman Breaux.  
[Laughter.]

Secretary Thompson, when you were chairman of the NGA, I think you started something, really kicked into gear something called Center for Best Practices to identify those practices within the States which serve as laboratories and showed the way for the rest of us.

Are there any States that come to mind, including your own, any States that come to mind where they are doing an especially good job, a creative job, in approaching these challenges? And how we might incent those States, how we might spread that word, how we might build on those successes?

Secretary Thompson. There are a lot of States doing a lot of things, but I am not sure that any one State is doing everything.

Oregon has got some good programs and has taken a leadership role in long-term care. Minnesota has got some good programs. Arizona has got a family care program like we have in Wisconsin. Delaware has some programs.

The new Cash and Counsel waivers that were just granted, three States and one more is coming in. I think it is Arkansas is doing a good job under Governor Huckabee. I believe it is Florida and Arkansas have got these waivers.

But to point out the best State, besides Wisconsin.  
[Laughter.]

I would be a little bit hard-pressed to do that. But there are good examples out there, and we should encourage that.

**Senator Carper.** Are there any arguments against the kind of change in waivers that you have called for?

Secretary Thompson. Am I against it?

**Senator Carper.** No, are there any arguments--what would be the arguments against doing what you have suggested?

Secretary Thompson. Well, you are going to have competition from the nursing home industry, for sure.

And you are going to have competition and opposition from people that think the Federal Government should set all of the standards and make all the programs fit one mold.

I just don't think that is the right--especially in this area. You have to encourage a lot of things.

Louisiana, for instance, under Senator Breaux's leadership, got a nice waiver through at the beginning of the year for children. I think about--if I remember correctly--3,900 children were able to live at home, if I am correct about that waiver.

You know, if it was just the Federal Government, Louisiana would not have been able to get that waiver. If we had just, you know, a one-size-fits-all, Wisconsin could have not tried this Family Care plan that I think is going to be a model for the country.

**Senator Carper.** About a year and a half ago, almost to the day, my sister and I were down in Florida at my mother's home. And my mom, we had just moved my mom to this nursing home, I mentioned earlier, up in Ashland, KY, close to where my sister lives.

And we were going through my mom and dad's home, packing things up, a lifetime of memories. One of the things we came across as we were going through--my dad died about a decade ago.

But one of the things we came across as we went through all these boxes and things and papers and through the attic and all, we found an insurance policy. ``What is this?" It turned out to be an insurance policy for long-term care that my mother had purchased several years earlier for herself.

And my mom was one of those people in Florida who got phone calls all the time from others who were trying to sell her things--a vacuum cleaner that I remember she paid three times more than it was worth. [Laughter.]

Getting the roof replaced on the house, which was perfectly fine.

But she bought this long-term care policy, which was now about to expire but lasted a couple of years.

You talked earlier about providing some incentives through the tax code to encourage employers to provide and people to acquire. I want you to just go back and just talk about this a little bit more.

My mom did it without the incentive, even without the encouragement of my sister and me. But it was a stroke of genius on her part.

Secretary Thompson. Yes, it was.

**Senator Carper.** But, what--could you go back and talk a little bit more about the kind of incentives we need to provide through the tax code for employers to offer and for individuals to take advantage of long-term care.

Secretary Thompson. What we need to do, Senator, we need to--first off, we need to get information out there.

I don't think we do a very good job of advising seniors, you know, about what is available under Medicare, what is available under Medicaid, what is paid for and what isn't. And to tell them that it is not--if they really want to do what is necessary, they need to have a long-term care insurance policy. And we should be doing more of that.

And, you know, until this committee started holding hearings, I don't think that subject was ever discussed. But to use the tax code, you know, to be able to deduct it.

It is really an investment by the Federal Government, because that long-term care insurance, as your mother had, it certainly helps you and your sister, but it is also helping

the Federal Government, because if she didn't have that--or the State governments, through Medicare and Medicaid. It is just an investment, you know, that is going to save the Federal Government future expenditures.

And so we should use the tax code to encourage them. We should use it so that employers see this is an opportunity for them to give expanded coverage for their employees, to be able to take care of their employees, you know, in their retirement years.

These should be the best years for everybody. They should be beyond their worries. They have raised their children, paid their debts to society. And they should be able to pick and choose where they are going to live and be able to have the opportunity to have long-term care insurance that is going to help subsidize and give them the independence and the quality of life that they deserve and that you certainly want them to have, Tom.

**Senator Carper.** Do you have any idea if a dollar sign has been put on this particular proposal, or the other one that you laid on the table, with respect to what was the extra exemption for those who take into their home----

Secretary Thompson. That is for the Caregiver program.

**Senator Carper.** Any ideas what the price tag on those might be?

Secretary Thompson. I did have that figured, and I--but I will send it to you, Tom.

**Senator Carper.** Thank you.

Secretary Thompson. Thank you, Governor Senator.

[Laughter.]

The Chairman. Thanks so much, Governor.

Mr. Durenberger. Long-term care, as Governor Senator Carper said earlier, is either a patchwork or a crazy quilt of services, providers, caregivers, and other supports that people have to access in times of crisis to help them manage the crisis.